GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:5085
ANSWERED ON:11.05.2007
POWER TARIFFS IN METROS
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Will the Minister of POWER be pleased to state:

(a) whether power tariffs in Mumbai are high in comparison to other Metros in the country;

(b) if so, the details thereof along with the reasons therefor;

(c) whether the power tariffs are also high in the country in comparison to other developed/developing countries; and

(d) if so, the reasons therefor and the corrective steps taken by the Government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (d) : As per the data compiled by the Central Electricity Authority, a statement showing rates of electricity in Mumbai, Kolkata and Delhi are given in Annexure - I.

The power tariff in various developed and developing countries are given at Annexure−II.

The cost of power to a consumer includes the overall bulk power purchase cost as well as transmission cost and the operational and financial performance of the Distribution Companies (DISCOMs), that is, Aggregate Technical and Commercial (AT&C) losses, operational expenses, capital investment for system upgradation/augmentation, consumer profile, subsidy and cross subsidy etc.

A number of steps have been taken for reducing the cost of power:

i. The Electricity Act, 2003 creates a competitive framework which should exert a downward pressure on costs.

ii. The National Electricity Policy lays down maximum emphasis on full development of feasible hydro potential. The cost of power generation from hydro projects reduces significantly in the long term.

iii. For thermal power, the Policy states that economics of generation and supply of electricity should be the basis for choice of fuel from among the options available. It would be economical for new generating stations to be located either near the fuel sources e.g. pithead locations or load centres.

iv. The Tariff Policy, which was notified on 06.01.2006, provides that all future requirement of power should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a State controlled/owned company as an identified developer. For Public Sector projects, tariff of all new generation and transmission projects should be decided on the basis of competitive bidding after a period of five years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition.

v. Captive coal mining for thermal projects is being encouraged with a view inter- alia to lowering the cost of fuel for coal fired stations.

vi. Operational efficiency of poorly performing thermal power stations has been increased by pursuing Renovation and Modernization programme.

vii. The terms and conditions of tariff issued by the Central Electricity Regulatory Commission (CERC) for the period 2004-09 have improved the operational norms.

viii. Mega Power Policy provides for zero customs duty for import of capital equipment and deemed export benefits for domestic suppliers for generation projects fulfilling eligibility conditions of this policy.

ix. The Government had also earlier reduced the custom duty on Naphtha and Natural Gas for power projects and the custom duty on coal.

x. The Accelerated Power Development and Reforms Programme (APDRP) aimed at assisting States in investment in strengthening of sub-transmission and distribution systems for reducing technical losses and improving the quality of supply and also for incentivising through cash grants for reduction of cash losses by State Power Utilities. It is proposed to restructure the programme for

making it more effective.